The Portfolio Management Of Climax Transportation Business

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Executive Summary

Globalization has revamped and made way for the majority of high-tech firms to change their business strategy. Initially, the success of the business was measured only by the quality of the product supplied; however, now the criteria have changed, and it depends upon the global standing and sustaining the international pressure of any business. Thus, it has increased the complexity of the processes adopted, and the expected shorter lifecycle of the product demands more focus on research and development for adopting ways in which the business, like a transportation company, is able to expand without reducing the quality service of deliverance.

In order to facilitate this need, a transportation company like Climax is subjected to use the sets and sub-sets of the projects in relation to each other and prioritize them on a time-to-time basis. Moreover, the portfolio approach helps identify whether the product can cope with long-term investments. The transportation industry is the main share generating department, thus, to stay competitive the company like Climax needs to emphasize on the strategic planning or strategic planning as the main strategy of the business.

This report focuses on the portfolio management of the Climax transportation business. The company has been working for many years with established clients but is planning to expand overseas. Thus, portfolio management is one of the most difficult business decision-making processes. Since the business is aiming to target future projects, the success rate is uncertain. Also, the portfolio positioning changes with ongoing dynamic changes in the environment. Lastly, funding for each product distant from each other may cost a fortune to the business, so how to manage these changes will be discussed in this report on how Climax Transportation is managing these future challenges.

Introduction

Portfolio management is a growing need for every business. Climax Transportation has grown from a small-scale business and has been known for serving a set number of clients. However, after being operational for around 15 years, the business is now planning to expand overseas along with the local project. For this purpose, a stronger need for a new technique is felt, which will help the business to maintain the quality with the older clients and establish new, stronger contact with the new ones. Considering the size of the business, as it is a medium-sized business, portfolio management will help the business plan and fund each project on a priority basis and will help in managing the funds without exerting pressure on the existing resources.

Climax Transportation, due to local operating competence, has been using regular management techniques to manage all the businesses. The company can improve the current management style of the business maintenance, however, for expanding the business oversees and having this experience for the first time, Climax transportation needs to opt for the portfolio management technique for successful implementation of this new business idea.

Initially, the portfolio management will be divided on a regional basis. The regions that are more appropriate for the initiation of international business will be evaluated to determine if it is feasible to invest in generating business or if it will only cost the expenditure and resources of the business. The research for this purpose will be conducted in two domains, i.e. Region A and the other is Engineering and Product Development. Region A will focus on the complete business development, operational cost, and sales in the region. (Project Management Institute, 2017) However, engineering and product development will emphasize the development of the new product to be consistent with the existing product strategy of the business. Both departments work in coordination with each other. The product developed by the EAPD department is customized according to the business needs of Region A. The recommendations from the stakeholders will help highlight the attributes of project portfolio management for new business projects.

Literature Review

"The emergency of PPM as a recognized set of practices may be considered the biggest leap in project management technology since the development of PERT and CPM in the late 1950s " Levine stated in his book in 2005 that project portfolio management is critical for the decision-making process. It ensures that the business projects are supported by the right set-off projects, as it will ensure success under the strict governance of professional checks. Project management, on the other hand, deals with the budget and the resource allocation to specific business ideas. The author further emphasized that project portfolio management is initiated with the importance and authenticity of the projects.

Cooper et al. defined the term project portfolio management in 1997 as a dynamic process in which the new active processes are continuously updated and revised as per the emerging need. The new projects are continuously scheduled, showing the completion as per the timeline. However, the previous projects are aborted or killed if they are completed or shifted to the delay log. According to Cooper, project portfolio management is conducted to achieve the following goals:

1. Enhancing the value of the portfolio
2. Achieving the balance of the portfolio and seeking the right balanced portfolio
3. Build the strategy into the portfolio

There are certain common components of the portfolio:

1. The organizational perspective of planning and investment in any project.
2. The projects are aligned with the organizational strategies and goals
3. The projects selected have something in common, which helps them to be inlined so that they are completed together
4. The portfolio is a quantifiable entity and could be ranked by its importance.

For example, the transportation company will aim to target projects and clients that are somehow interconnected, as this will help them save resources like fuel, manpower, and vehicles. Along with this aim, each visit to the vehicle will generate a profit. The important components of project portfolio management are governance, tools and techniques, processes and strategy.

Morris, Jamieson and Archibald state that there is a link between projects, portfolios, and corporate strategies. The figure below illustrates how the corporate strategies are communicated to the individual level.

Portfolio Management In Organization

For Climax transportation, project portfolio management is a new technique. However, the business depends on day-to-day operations. The operational capacity of the business actually helps them to manage the projects as per their importance. The operational management of the processes in the Climax transportation company will then be controlled by the portfolio components. Both the project and the operation aspect of the business will be considered in the portfolio management of the new business ideas at Climax Transportation.

It is expected that the project portfolio management will turn out profitable for the business. This is because the business operates as a medium-sized organization. Introducing the project portfolio management technique for business expansion will help in the successful picking of the projects with lesser likely chances of any failures and delivering quality services on time. However, with the introduction of new techniques, a higher level of challenges will be expected as well. The project portfolio management needs to be governed by specialists in this field. The projects are updated as per their preference and importance. Thus, it depends upon the management to prioritize their business processes. Such as the, if the management was using books to maintain the business records, now they need to shift to the electronic system, which is indeed a big change, and if the employees and the management are unwilling to opt for this new addition of business strategy, then there are highly likely chances that the new business product will fail. (Cooper et al., 1999)

The key elements for introducing project portfolio management for influencing the organizational goals are listed below:

1. Finance
2. Marketing
3. Corporate Communication

4. Human Resource Management

Together, these key elements will help the firm successfully inculcate project portfolio management. Each key element will be customized according to the business needs. The climax transportation will uplift the existing corporate communication techniques as they will be serving the customer segment away from the local establishment. In such business deals, the customer always focuses on the corporate communication approach adopted by the host business. The human resources will be managed according to the business needs. The existing projects will work as per their usual routine. However, the business will not take any new local projects but will focus on fulfilling the new business venture for successful business expansion.

For this purpose, the hierarchical approach to project portfolio management will be adopted. The image below explains how the business, with the incorporation of the changes, will work.

Hierarchical Approach For The Project Portfolio Management

The hierarchical approach helps in communicating the business needs from the top down in a way that each department and individual participating in the execution of business processes is able to understand what their responsibilities are and how they are expected to be executed. The implementation of the project portfolio management is not an overnight process; instead, the business team will be given thorough orientation about the requirements and the needs of the upgraded system and how they are expected to perform accordingly. The project portfolio management will be a newer technique for targeting the extended business, but the team will remain the same. Therefore, it is necessary that a thorough orientation is offered to each member about their responsibilities.

Conclusion

The changing business dynamics demand the adoption of newer business techniques like Project portfolio management for the effective usage of resources. The businesses like Climax Transportation have the capacity and the domain to grow globally. The project portfolio management can help Climax Transportation initiate business expansion by selecting feasible projects. The surveillance of these projects is kept under strict government check. Thus, it is expected that the proper layout of the plan will help the transportation company attain new customers and achieve global competence through participating in the international market.

References

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